

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7731

BILL NUMBER: HB 1484

NOTE PREPARED: Feb 21, 2007

BILL AMENDED: Feb 15, 2007

SUBJECT: Sudan Divestment.

FIRST AUTHOR: Rep. GiaQuinta

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Public Employee's Retirement Fund (PERF) and the Indiana State Teachers' Retirement Fund (TRF) to contact, in the capacity of shareholders, companies with certain business activities in Sudan, and request that the companies cease those business activities. The bill prohibits PERF and TRF from investing in those companies that are unresponsive to the requests. It provides that PERF and TRF are required to sell or transfer any investments in a company that is unresponsive to the requests. This bill requires PERF and TRF to report any investments with a company with business operations in Sudan to the General Assembly. It specifies that private equity funds are excluded from the coverage of these provisions.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) Both the TRF and PERF have estimated their costs associated with the implementation of this proposal. The TRF has estimated their annual cost at \$1.5 M. PERF has estimated its initial out-of-pocket costs for divestiture between \$700,000 and \$1.2 M.

Explanation of State Revenues: This bill could affect fund revenues to the extent that PERF and TRF sell investments in companies that have business activities in Sudan at a different price than they would have sold them otherwise. Fund revenues could also be affected if PERF or TRF reinvest the money taken out of Sudan investments, and the reinvestments bring in more or less revenue than was yielded by the Sudan investments. The amount of this possible effect is indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues

State Agencies Affected: Public Employee's Retirement Fund; Teachers' Retirement Fund.

Local Agencies Affected:

Information Sources: Bob Newland, Chief Investment Officer for TRF, 317-232-3868; Shawn Wischmeier, Chief Investment Officer for PERF, 317-234-3587. Additional Information in the Office of Fiscal and Management Analysis.

Fiscal Analyst: James Sperlik, 317-232-9866.